

Message Text

SECRET

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 3277

S E C R E T KINSHASA 5688

LIMDIS

FROM VANCE

E.O. 11652: XGDS-1

TAGS: EFIN, CG, US

SUBJECT: VANCE MISSION: ZAIRE ECONOMIC/FINANCIAL SITUATION

REF: (A) KINSHASA 5617, (B) 5642

1. I HAD SECOND MEETING WITH BISENGIMANA ON THE ECONOMIC/ FINANCIAL SITUATION THIS MORNING. OF GREATEST SIGNIFICANCE WAS HIS CHANGE OF ATTITUDE CONCERNING THE IMF'S ROLE. IN MY FIRST CONVERSATION (REF. A), BISENGIMANA DID NOT SEEM PREPARED TO TURN TO THE IMF, BUT DURING OUR TALK THIS MORNING, I BELIEVE I WAS ABLE TO PERSUADE HIM THAT THE FUND WAS NOT THE OGRE HE SUPPOSED IT TO BE. I WILL REPORT FULLY UPON MY RETURN, BUT IN SHORT, BISENGIMANA SAID THAT I COULD TELL THE FUND THAT ZAIRE WOULD BE PLEASED TO RECEIVE AN IMF REP TO DISCUSS WAYS IN WHICH GOZ AND FUND COULD WORK TOGETHER. I FIND THIS MOST SIGNIFICAN AND HEARTENING DEVELOPMENT. AND JUDGE IT BROAD ENOUGH TO INCLUDE STANDBY REQUEST BEING NEGOTIATED.

2. ON THE ECONOMY IN GENERAL, AND ON THE FINANCIAL PROBLEM IN PARTICULAR, BISENGIMANA MADE THE FOLLOWING POINTS:

A) IBRD PLANNING TEAM LED BY AMCIT WESTEBBE IS WORKING

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WELL, AND HE HAS GREAT CONFIDENCE IN IT.

B) HE, THE PLANNING TEAM AND THE MINISTER OF FINANCE HAD ORGANIZED, FOR FIRST TIME, A BUDGETARY CONTROL SYSTEM WHICH IS STARTING TO SHOW RESULTS.

C) MEASURES TO REDUCE SALARIES IN HIGHER BRACKETS, IMPOSE PRICE CONTROLS, REDUCE RENTS AND ORGANIZE FOOD DISTRIBUTION SYSTEM WERE NOT ONLY POPULAR, BUT HAVING GOOD ECONOMIC RESULTS.

D) WITH FOREGOING AND OTHER AUSTERITY MEASURES IN TRAIN, SHORT TERM (I.E., THROUGH 1975) CASH FLOW PROBLEM COULD BE SOLVED WITH POSSIBLE STANDBY ARRANGEMENTS. BISENGIMANA PROMISED TO GIVE ME IN WRITING LATER TODAY FORECAST OF REVENUES AND EXPENDITURES WHICH WILL INDICATE AMOUNT STANDBY CREDIT NEEDED FOR BALANCE CALENDAR YEAR.
ANDREW

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